

NORTH CAROLINA GOVERNOR’S LOGISTICS TASK FORCE

BEST PRACTICES SUBCOMMITTEE REPORT

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INTRODUCTION

In an effort to understand the “best practices” which may be utilized by the state in an effort to help to move the state forward with regards to the development of logistics-focused facilities, as well other transportation assets, the Logistics Task Force leadership chose to form a subcommittee specifically focused on such issues. Over its existence, the Best Practices subcommittee has examined the numerous areas and the actions of many states, especially those who are our neighbors (South Carolina, Georgia, and Virginia).

Following the Task Force’s regional outreach efforts the subcommittee was tasked with examining numerous areas in an effort to ensure that future policies respect commonly held practices across the logistics industry, as well as work to utilize our existing assets in the most effective and efficient manner possible. The areas that the subcommittee was tasked with examining are listed below.

- Development of a North Carolina-specific definition for “inland port/intermodal terminal”—i.e. if we are talking about developing this type of facility, what should its characteristics be and why call it this above something else
 - Examine literature regarding inland port characteristics and provide sound, researched basis for the use of the term
- Examination of the North Carolina State Ports Authority’s existing inland terminals, located in Greensboro and Charlotte
 - Discuss the existing utilization of both of these facilities
 - Examine the future opportunities for these sites
 - Examine the potential for potential partnerships (public-private) with other entities/organizations already underway in their respective areas
- Examination of the future opportunities facing the North Carolina Global TransPark related to functioning as an inland terminal facility
 - Examine existing literature produced by the Global TransPark related to their strategic planning and future development initiatives
 - Discuss and evaluate opportunities for utilization of existing facilities by niche market commodity producers
 - Discuss and evaluate needs for improved connectivity from the Global TransPark facility to other points of production, embarkation or debarkation (i.e. production facilities, port facilities, etc.)

Included below are recommendations from the subcommittee to the full Task Force which reflect these directives, as well as other points which have been raised through the subcommittee’s analysis and discussion.

We make these recommendations fully cognizant of the diminishing state resources and the difficulty in funding. Further analysis and utilization of performance measures will be needed to ensure efficient state expenditures.

These recommendations are presented in a narrative form and though numbered for listing purposes are not classified in order of importance or priority.

RECOMMENDATION # 1

Building on Governor Perdue's Executive Order 85 and the creation of the State Logistics Coordinating Council, North Carolina should create "Logistics Authority" or "Logistics Division," to be operated within the NC Department of Transportation. A number of other states already have Logistics Authorities, Freight Authorities, Logistics Departments, etc. Our state is unique in that North Carolina has state-owned transportation entities that are related in function, but currently operate separately. North Carolina's State Ports and the NC Global TransPark both operate under the NCDOT umbrella, but they each have their own governing Authority. The NC Railroad Company is a private corporation, whose stock is wholly owned by the State of North Carolina.

Only one other state has its own railroad (Alaska), and no other state can offer businesses the three-faceted multi-modal freight entities to work with that North Carolina currently does. The separate positive impacts of these assets can be magnified if they were all "under one roof," so to speak. The three entities operating in a new NCDOT Logistics Authority would offer customers a unified, synchronized voice. The "one-stop shopping" opportunity would allow businesses interested in locating in North Carolina the opportunity to work with the NC Ports, the NC Railroad, and the NCGTP concurrently rather than consecutively, saving them time, effort, and resources as they choose where to invest.

Given NCDOT's obvious role in developing and maintaining the State's highway system, creating this Logistics Authority under NCDOT would give customers quick access to one entity that services all four modes of freight transportation: air, water, highway, and rail. In addition to making transportation services more efficient, creating this Logistics Authority would conserve state resources.

Capital projects for all three entities within the Logistics Authority could be funded through a dedicated source. As an example, the state could dedicate one dollar (or any amount) annually from each vehicle registration fee. This would be similar to how the Commonwealth of Virginia funds capital projects for the Port of Virginia.

RECOMMENDATION # 2

The term "Inland Port" has many definitions, and means different things to different people. Some inland ports are simply river terminals for barge operations, inland from a seaport. Others, like the Virginia Inland Port, are transfer stations where freight arrives by rail and then either shifts to truck transportation or continues on to a distant destination via rail. Still others involve not only multi-modal transportation of goods, but the goods are handled, processed, assembled, consolidated, and/or repackaged on-site before leaving that location.

Given that lack of consensus on what exactly an inland port is, we recommend that North Carolina create a series of regional facilities (they could be called International Logistics Hubs, or anything similar) that are both connected in practice to one another, and operate seamlessly with our State's transportation assets and the global trade system. These might vary in size and exact function due in part to the nature of the businesses that use them and the commodities they move, but they should all still share certain traits. Each would be a multi-modal transload facility with assembly, distribution, handling, and customs-related capabilities.

We recognize that the Seven Portals Study currently being conducted to provide information to the Governor's Logistics Task Force will also speak to these issues in detail.

See **Attachment #1** for a description of a possible "inland port" facility model.

RECOMMENDATION # 3

In light of modern global economic conditions and practices, we recommend that both of North Carolina's seaports be fully capable of providing container, bulk, and break-bulk services. North Carolina General Statute § 143B-454.1 reads as follows:

"Container shipping.

The State Ports Authority shall provide at the ports of Morehead City and Wilmington adequate equipment and facilities including container cranes at each port as needed, in order to maintain existing and future levels of containerized cargo shipping at both ports and provide and encourage growth in handling of containerized cargoes at both ports. (1979, c. 934.)"

The subcommittee recommends that the NC State Ports Authority give strong consideration to this statutory requirement as it proceeds with its current and future work so as to ensure that the state moves forward and continues to expand its commerce opportunities.

We recognize that the North Carolina Maritime Strategy Study being conducted in conjunction with the Governor's Logistics Task Force will also speak to these issues in detail.

RECOMMENDATION # 4

Rail service is critical to the success of the ports and to businesses that want to or need to utilize ports. On the subject of rail opportunities, the subcommittee recommends that any or all of the following objectives be pursued:

- Dual Class One rail service to both the Port of Morehead City and the Port of Wilmington.
- "Quasi-Dual Class One" rail service to both ports can be accomplished by establishing fully capable "mirror-image" ports in Wilmington and Morehead City, with on-dock rail service.
- The NC Railroad could take more control of the Raleigh to Morehead City segment with open trackage rights (toll road-type) for use by both Class One railroads, shortline railroads, and even potentially the NC Railroad as an operator itself.

RECOMMENDATION # 5

North Carolina is blessed with thriving major international airports in the Triangle, the Triad, and in Charlotte. Along with the many successful smaller airports throughout the State, they collectively do a wonderful job of providing passenger and air-freight service to our citizens and business trading partners. A weakness that has come to light through the Logistics Task Force's regional outreach meetings is that better air service is needed west of Asheville. Improving western North Carolina air service in such ways as lengthening the runway at Andrews-Murphy Airport would grow the tourist trade, enhance fire-fighting capabilities, and provide emergency relief for major regional airports.

A third parallel runway at RDU International Airport has been identified as a development needed to help serve the State's aviation needs. One other unmet need in air service came to light during the Ft. Bragg meeting of the Governor's Logistics Task Force on military issues is that daily direct flights are needed between Fayetteville and Reagan National Airport in Washington, D.C. This is especially critical as military consolidation and the location of FORSCOM at Ft. Bragg have greatly increased the need of top officers, staff members, and contractors to make frequent trips between the base and the Pentagon and the nation's capital in general.

The military represents a \$32 Billion industry in this State. We recommend that North Carolina work to enhance and support the military by working to secure the direct service air-travel needed between Fayetteville and Washington, D.C. One possible solution is to work with the airlines that currently serve the military's very large troop transportation needs.

RECOMMENDATION # 6

The subcommittee recognizes that North Carolina currently maintains the nation's second largest highway system. Additionally, we acknowledge that even with increasing modal shifts for freight transportation, highway transportation of freight will remain critical to the State and nation's logistics and distribution system. We recommend continuation and strong support for NCDOT's needs based highway planning functions, including Prioritization 2.0 and the 2040 Statewide Transportation Plan.

ATTACHMENT # 1

NORTH CAROLINA CENTER FOR LOGISTICS AND GLOBAL COMMERCE
Moving North Carolina products from our doorstep to the world"

CONCEPT:

Creation of a singular, over-arching authority/group for the development of the effort. This authority/group would be tasked with the below-listed areas in order to facilitate statewide development through the respective economic development regions.

- Collaborative effort between the North Carolina Department of Transportation and the North Carolina Department of Commerce
- Oversight by North Carolina Board of Transportation [as it relates to site development and infrastructure connectivity] and the respective state leadership

TASK:

- Development of management plans/structures for regional centers/locations
- Development of collaborative efforts related to the intersection between freight logistics and global commerce (exports)—how to better coordinate the movements both intrastate, interstate and throughout the world
- Collaboration in business development/recruitment efforts related to increasing import/export markets/opportunities (ex. through collaborative marketing efforts, study trips, etc.)
- Interaction with proposed NCDOT Freight Logistics Authority to direct policy/action related to further development of logistics infrastructure for future commerce growth
- Development of academic analyses re: economic drivers (state and regional) for transportation and logistics, export volumes, etc.

Creation of “one-stop-shop” for new business (domestic and international)—development of policies, procedures and regulations to assist incoming businesses—coordination with existing groups/efforts [i.e. US Customs, USDA, FDA, NCDENR, NC Commerce, etc.]